

11 KAR 3:035. Maximum loan amounts.

RELATES TO: KRS 164.744(1), 164.748(1), (3), (14), 164.753(2), 164.766, 20 U.S.C. 1078(b)(1)(A), (B), 1087kk

STATUTORY AUTHORITY: KRS 13A.100(1), 164.746(6), 164.748(4), 34 C.F.R. 682.401(b)(10)(ii)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.744(1) empowers the authority to insure loans to students, provided that the loans meet the criteria of the federal Act. Pub.L. 102-325, enacted July 23, 1992, reauthorized the federal Act and made substantial changes in the insured student loan programs. This administrative regulation is necessary to prescribe the eligibility of borrowers and students who would benefit from authority insured student loans.

Section 1. Robert T. Stafford Federal Student Loan Program Annual Limits. The total combined amount that an eligible student may borrow in any academic year of study under the subsidized and unsubsidized Robert T. Stafford Loan programs shall not exceed:

(1) In the case of a student at a participating institution who has not successfully completed the first year of a program of undergraduate:

(a) \$2,625 for loans on which the application was certified by the participating institution prior to October 1, 1992;

(b) For loans on which the application was certified by the participating institution on or after October 1, 1992, \$2,625, if the student is enrolled in a program whose length is at least one (1) academic year in length;

(c) For loans on which the application was certified by the participating institution on or after October 1, 1992, \$1,750, if the student is enrolled in a program whose length is less than one (1) academic year, but at least two-thirds (2/3) of an academic year; and

(d) For loans on which the application was certified by the participating institution on or after October 1, 1992, \$875, if the student is enrolled in a program whose length is less than two-thirds (2/3), but at least one-third (1/3), of an academic year;

(2) In the case of a student who has successfully completed the first year but has not successfully completed the remainder of a program of undergraduate:

(a) \$2,625 for a student who has not completed the second year of a program of undergraduate study, except as provided in paragraphs (b) through (d) of this subsection;

(b) \$3,500 for loans for which the first disbursement is made on or after July 1, 1993, if the length of the remainder of the program in which the student is enrolled is at least one (1) academic year;

(c) \$2,325 for loans for which the first disbursement is made on or after July 1, 1993, if the student is enrolled less than one (1) academic year, but at least two-thirds (2/3) of an academic year; and

(d) \$1,175, for loans for which the first disbursement is made on or after July 1, 1993, if the length of the remainder of the program in which the student is enrolled in a program whose length is less than two-thirds (2/3), but at least one-third (1/3), of an academic year;

(3) In the case of a student at a participating institution who has successfully completed the first and second year, but has not successfully completed the remainder of a program of undergraduate study:

(a) \$4,000, except as provided in paragraphs (b) through (d) of this subsection;

(b) \$5,500, for loans for which the first disbursement is made on or after July 1, 1993, if the length of the remainder of the program in which the student is enrolled is at least one (1) academic year;

(c) \$3,675, for loans for which the first disbursement is made on or after July 1, 1993, if the

length of the remainder of the program in which the student is enrolled in a program whose length is less than one (1) academic year, but at least two-thirds (2/3) of an academic year; and

(d) \$1,825, for loans for which the first disbursement is made on or after July 1, 1993, if the length of the remainder of the program in which the student is enrolled is less than two-thirds (2/3), but at least one-third (1/3), of an academic year; and

(4) In the case of a graduate or professional student at a participating institution, \$7,500 for loans made to cover the cost of attendance for periods of enrollment beginning prior to October 1, 1993, and \$8,500 for loans made to cover the cost of attendance for periods of enrollment beginning on or after that date;

(5) Notwithstanding any other provision of this section, a subsidized federal Stafford loan shall not exceed the borrower's cost of attendance, nor shall it exceed the borrower's financial need certified by the participating institution in compliance with Part F of the federal Act;

(6) Notwithstanding any other provision of this section, an unsubsidized federal Stafford loan shall not exceed the borrower's estimated cost of attendance minus estimated financial assistance.

Section 2. Robert T. Stafford Federal Student Loan Program Aggregate Limits. The aggregate guaranteed unpaid principal amount of all subsidized and unsubsidized federal Stafford loans made to a student shall not exceed:

(1) In the case of any student who has not successfully completed a program of undergraduate education, excluding loans made under the federal SLS loan and the federal PLUS loan programs:

(a) \$17,250 for loans disbursed prior to July 1, 1993; or

(b) \$23,000 for loans for which the first disbursement is made on or after July 1, 1993; and

(2) In the case of any graduate or professional student, including any federal Stafford loans which are insured by the secretary or by a guaranty agency, made to the student before the student became a graduate or professional student, but excluding loans made under the federal SLS loan and the federal PLUS loan programs:

(a) \$54,750 for loans disbursed prior to July 1, 1993; or

(b) \$65,500 for loans on which the first disbursement is made on or after July 1, 1993;

(3) The secretary may increase the limit applicable to students who are pursuing programs which the secretary determines are exceptionally expensive.

Section 3. Federal Supplemental Loans For Students (SLS) Limitations on Amounts of Loans.

(1) Annual limit. Subject to subsections (2) and (3) of this section:

(a) The maximum amount a student may borrow in any academic year or its equivalent for loans disbursed prior to July 1, 1993, shall be \$4,000; and

(b) The maximum amount a student may borrow in any academic year or its equivalent or in any period of seven (7) consecutive months, whichever is longer, for loans on which the first disbursement is made on or after July 1, 1993, in the case of a student at a participating institution who has not successfully completed the first and second year of a program of undergraduate education, shall be:

1. \$4,000, if such student is enrolled in a program whose length is at least one (1) academic year in length;

2. \$2,500, if such student is enrolled in a program whose length is less than one (1) academic year, but at least two-thirds (2/3) of such an academic year; and

3. \$1,500, if such student is enrolled in a program whose length is less than two-thirds (2/3), but at least one-third (1/3), of such an academic year.

(c) The maximum amount a student may borrow in any academic year or its equivalent or in

any period of seven (7) consecutive months, whichever is longer, for loans on which the first disbursement is made on or after July 1, 1993, in the case of a student at a participating institution who has successfully completed such first and second year but has not successfully completed the remainder of a program of undergraduate study, shall be:

1. \$5,000, if such student is enrolled in a program whose length is at least one (1) academic year in length;
2. \$3,325, if such student is enrolled in a program whose length is less than one (1) academic year, but at least two-thirds (2/3) of such an academic year; and
3. \$1,675, if such student is enrolled in a program whose length is less than two-thirds (2/3), but at least one-third (1/3), of such an academic year.

(d) The maximum amount a graduate or professional student may borrow in any academic year or its equivalent or in any seven (7) consecutive months, whichever is longer, for loans on which the first disbursement is made on or after July 1, 1993, shall be \$10,000.

(2) Aggregate limit. The aggregate insured principal amount of insured loans made to any student, minus any interest capitalized, shall not exceed:

- (a) \$20,000 for loans disbursed prior to July 1, 1993; or
- (b) For loans on which the first disbursement is on or after July 1, 1993:

1. \$23,000, in the case of any student who has not successfully completed a program of undergraduate education; and
2. \$73,000, in the case of any graduate or professional student, as such terms are defined by administrative regulations issued by the secretary, including any loans which are insured by the secretary under this section, or by a guaranty agency, made to such student before the student became a graduate or professional student.

(3) Limitation based on need. No loan may be made to any student under this section for any academic year in excess of:

- (a) The student's estimated cost of attendance, minus
- (b) The total of:
 1. Any subsidized federal Stafford loan for which the student is eligible; and
 2. Other financial aid as certified by the participating institution.

(4) The annual insurable limit on account of the student shall not be deemed to be exceeded by a line of credit under which actual payments to the borrower will not be made in any year in excess of the annual limit.

Section 4. Federal PLUS Loan Program. (1) Annual limits for loans disbursed prior to July 1, 1993. The total principal amount of all federal PLUS program loans made to, or for the benefit of, an eligible student for any academic year of study shall not exceed \$4,000.

(2) Federal PLUS Loan program aggregate limits for loans disbursed prior to July 1, 1993. The aggregate guaranteed unpaid principal amount of all federal PLUS program loans made to or for the benefit of an eligible student shall not exceed \$20,000.

(3) For loans on which the first disbursement is made on or after July 1, 1993, the only annual or aggregate limit on loans under this section shall be the need prescribed in subsection (4) of this section.

(4) Limitation based on need. No loan may be made to any parent under this section for any academic year in excess of:

- (a) The student's estimated cost of attendance, minus
- (b) Other financial aid as certified by the participating institution.

(5) The annual insurable limit on account of any student shall not be deemed to be exceeded by a line of credit under which actual payments to the borrower will not be made in any year in excess of the annual limit.

Section 5. Federal Consolidation Loans. (1) Loans made under this section shall, to the extent used to discharge eligible loans shall be counted against the applicable limitations on aggregate indebtedness contained in Sections 1 and 2 of this administrative regulation, and section 464(a)(2) of the federal Act.

(2) Each federal Consolidation Loan will be made, notwithstanding any other provision of this administrative regulation limiting the annual or aggregate principal amount for all authority insured student loans made to a borrower, in an amount:

(a) Which is not less than the minimum amount required for eligibility of the borrower under 11 KAR 3:015; and

(b) Which is equal to the sum of the unpaid principal and accrued unpaid interest and late charges of all eligible loans received by the eligible borrower which are selected by the borrower for consolidation. (19 Ky.R. 1679; eff. 3-4-93.)